

## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is made and entered into this \_\_\_\_ day of June, 2008, by and among **Quad Cities Media, LLC.**, a Wisconsin corporation, ("QCM," the "Seller") and **La Jefa Latino Broadcasting, LLC.** an Iowa corporation ("Buyer") (Buyer and Seller being each a "Party" hereto and, collectively, the "Parties").

### RECITALS

**WHEREAS**, Seller holds the license and other authorizations issued by the Federal Communications Commission ("FCC") for radio broadcast station WKBF(AM), 1270 kHz, Rock Island, Illinois, Facility ID No. 8593 (the "Station"); and is the owner of all assets used in the operation of the Station; and

**WHEREAS**, Seller desire to sell and assign, and Buyer desires to purchase and acquire, the Station and related assets, including the Station's licenses and substantial property and assets of Seller used or held for use in the operation of the Station; and

**WHEREAS**, the license and other authorizations issued by the FCC for the operation of the Station may not be assigned to Buyer without the prior written consent of the FCC;

**NOW, THEREFORE**, in consideration of the mutual promises, covenants, and conditions contained herein, the Parties do hereby agree as follows:

### 1. SALE OF ASSETS AND ASSIGNMENT OF LICENSES

At the Closing (as defined below), and subject to the provisions of Paragraph 2 hereof, Seller shall sell, assign and transfer to Buyer, and Buyer shall purchase from Seller, assets used in the operation of the Station, including but not limited to the following, free and clear of liens, encumbrances, and other security interests, except as specifically provided herein (collectively, the "Assets"):

A. **Tangible Property**: Fixed and tangible personal property used or intended for use in the operation of the Station including that listed in Exhibit A hereto, less any property consumed, depleted or otherwise disposed of in the ordinary course of business, and all similar tangible property acquired by Seller in the ordinary course of business prior to Closing (the "Tangible Property").

B. **Licenses and Authorizations**: All licenses, permits, permissions and other authorizations (including without limitation those listed in Exhibit B hereto), which are issued by the FCC and other governmental agencies and that

are associated with the operation of the Station, and all applications for modification, extension or renewal thereof pending at Closing (the "Licenses").

C. **Agreements, Leases and Contracts:** The rights of Seller under the agreements, leases or contracts, whether written or oral, listed in Exhibit C hereto which are in effect on the Closing Date (as defined below) (collectively, the "Contracts").

D. **Real Property and Fixtures:** All right, title and interest of Seller in the lease for the real property on which the Station's towers and transmission facility are located (the "Tower Site Lease") as more accurately described in Exhibit D, together with all towers, guy wires, anchors, associated structures, ground system and appurtenances located on the Real Property, as listed in Exhibit A (the "Fixtures"). It being understood and agreed to by Buyer and Seller that the current term of such lease expires on September 30, 2012 but provides for one five (5) year renewal option exercisable in writing no less than 90-days prior to September 30, 2012, and that Lessor is not likely to extend the lease beyond 2017 if the renewal term is exercised, and (iii) Seller shall have no responsibility for (and shall have no indemnification obligation with respect to) a failure to obtain Lessor consent to or extension of the assignment of the Tower Site Lease to Buyer or any claim or obligation arising from or related to such lease after the 11:59 p.m. on the day before the Closing Date.

E. **Intangible Personal Property:** All trademarks, service marks, copyrights, trade names, common law property rights, intellectual property, good will and all other intangible personal property (other than rights to use the Station's call sign) owned by a Seller and used by it in connection with the operation of the Station (the "Intangible Property").

F. **Records:** The Station public inspection file, Station logs, and such other records that directly relate to the operation of the Station, as Buyer may reasonably request (the "Records"). The Seller will be permitted to retain or obtain copies of all Records as needed for tax and financial purposes.

## 2. **ASSETS EXCLUDED**

It is understood and agreed that the Assets purchased pursuant to this Agreement shall not include (a) cash on hand, cash equivalents, securities and similar type investments; (b) the Station's accounts receivable owing to a Seller as of the Closing Date; (c) books and records that pertain solely to the organization, existence, capitalization and taxation of a Seller; (d) Seller' employee pension and other benefit plans in effect on the date hereof or the Closing Date; (e) insurance policies covering the Station or the Assets; (f), utility deposits; (g) all agreements, contracts and other obligations and liabilities of a Seller or the Station which Buyer has not expressly agreed

to assume herein (including all contracts for the broadcast of programming and advertising over the Station); (h) Station programming agreements; and (i) any assets listed on Exhibit E hereto.

### **3. PURCHASE PRICE AND TERMS**

The purchase price for the Assets is Six Hundred Eighty Thousand Dollars (\$680,000.00), subject to the adjustments set forth in Paragraph 4 hereof (the "Purchase Price"). The Purchase Price is to be allocated among the Assets in the manner set forth in Exhibit F hereto (subject to confirmation and approval by Seller' tax advisor). The Purchase Price shall be payable in lawful money of the United States of America as follows:

A. Upon execution of this Agreement, Buyer shall pay to the Seller Fifty Thousand Dollars (\$50,000.00) as a LMA Security Deposit. Buyer and Seller shall enter into that certain Local Marketing Agreement executed concurrently herewith and attached hereto as Exhibit J ("Local Marketing Agreement");

B. At the Closing, Buyer shall cause the Purchase Price to be paid to Seller, in the form of: i) crediting of the LMA Security Deposit of Fifty Thousand Dollars (\$50,000.00) towards the purchase price, and ii) Six Hundred Thirty Thousand Dollars (\$630,000.00) pursuant to a promissory note to QCM, in substantially the form of the Promissory Note attached hereto as Exhibit H ("Promissory Note"), and in conformance with a security agreement between QCM and Buyer in substantially the form of the Security Agreement attached hereto as Exhibit I ("Security Agreement"). Portions of the Local Marketing Agreement fees as specified in Schedule A of the Local Marketing Agreement shall be credited towards the Promissory Note at this time.

### **4. PRORATIONS AND ADJUSTMENTS**

A. **Generally.** All personal property taxes, utility charges, contracts to be assigned to and assumed by Buyer, FCC regulatory fees and income and operating expenses of the Station shall be prorated between Buyer and Seller as of the Closing Date. (It is understood that Buyer does not intend to employ any of Seller' employees or assume any of Seller' insurance policies.) Insofar as feasible, prorations under this paragraph shall be determined and paid on the Closing Date, with a final accounting of prorated items, and the sum due from one Party to another pursuant to this proration paid, within sixty (60) days after the Closing Date. If the Parties are unable to agree on the prorations, the matter shall be referred to a firm of independent certified public accountants mutually acceptable to Buyer and Seller whose decision shall be final and whose fees shall be paid one-half by each of Buyer and Seller. If the amount of any tax to be prorated is not known as of the Closing Date, such tax shall be apportioned on

the basis of the most recent tax assessment; as soon as the new tax rate and valuation can be ascertained, there shall be a reapportionment and adjustment with respect to such actual tax.

5. **EXPENSES**

Except as otherwise provided herein, each Party shall bear its own legal, engineering and accounting fees and other costs and expenses with respect to the transaction. Recording and filing fees, sales taxes, transfer taxes, documentary stamp and other taxes, and all other similar charges on conveyances from Seller to Buyer will be paid by Seller.

6. **ASSUMPTION OF CERTAIN LIABILITIES**

At the Closing Buyer shall assume all of the Contracts which by the terms thereof require the payment of money or the performance of other obligations after 12:01 a.m., Milwaukee time, on the Closing Date. Buyer specifically does not assume responsibility for (a) any of Seller's liens, taxes, debts, accounts payable, liabilities, obligations, agreements or contracts other than the Contracts and (b) any employment contracts, severance pay, retirement plans, or similar obligations to which a Seller or the Station may be a party. With respect to Contracts that require the consent of third parties for assignment but for which the consent of such third parties has not been obtained as of the Closing Date, Buyer shall assume Seller's obligations to be performed under those Contracts.

7. **FILING OF FCC APPLICATION**

Buyer and Seller agree to proceed no later than ten (10) days from execution hereof to file an application on FCC Form 314 requesting FCC consent to the transactions contemplated herein (the "Application"). The cost of the FCC filing fee shall be paid one-half by each of Buyer and Seller. The Parties agree to prosecute the Application, defend it against challenges and file any amendments or additional information requested by the FCC, all in good faith and with due diligence, such that the Application may be granted as promptly as possible.

8. **TERMINATION**

This Agreement may be terminated as follows:

A. If the Closing hereunder shall not have occurred within twelve (12) months of the execution date of this Agreement, either Buyer or Seller may terminate this entire Agreement upon written notice to the other, provided that the Party seeking to terminate is not in default hereunder.

B. If the FCC designates the Application for hearing, any Party shall have the option of terminating this Agreement by notice to the other Parties prior to the commencement of the hearing, provided, however, that the hearing is not a proximate result of the failure of the Party seeking to terminate to have prosecuted the Application diligently and in good faith or to have satisfied a FCC request for additional information.

C. Any Party may terminate this Agreement if another Party shall be in material breach hereof and if such breach shall not have been cured within thirty (30) days of written notice thereof by the Party seeking to terminate; provided, however, that if any such breach is not reasonably susceptible of being cured within thirty (30) days, then the Party in breach shall be obligated to have undertaken to cure the breach with all reasonable diligence and shall have cured the breach as promptly as is reasonably practicable, even if such date of cure is beyond the thirty (30) day cure period, but in no event shall such period be extended beyond ninety (90) days.

## 9. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller make the following representations and warranties, all of which have been relied upon by Buyer in entering into this Agreement and, except as specifically otherwise provided, all of which shall be true and correct on the Closing Date:

A. **Organization**: Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Wisconsin, is fully authorized to conduct business in the State of Wisconsin, and has full power and authority to enter into and perform this Agreement.

B. **Authorization**: The execution, delivery and performance of this Agreement have been duly authorized by all of the directors and shareholders of each Seller and this Agreement constitutes a valid and binding agreement of such Seller, enforceable in accordance with its terms.

C. **No Contravention**: The execution, delivery and performance of this Agreement by Seller will not conflict with, result in the breach of, constitute a default under, or violate any provision of its articles of incorporation or by-laws or any agreement, other instrument, judgment, decree, order, law, rule or regulation to which a Seller or any of its principals is a party or by which any of them or any of the Assets is bound or affected.

D. **Real Property**: None of the Real Property is subject to any contract, option or commitment for sale or lease to any party other than Buyer nor to any lien or encumbrance of any kind that will materially impair Buyer's occupancy and full use thereof to the same extent and manner as it is currently occupied

and used by Seller. To the best of Seller' knowledge, all Real Property, as well as the present use thereof, conforms to all restrictive covenants and with all zoning, environmental, building and other laws and regulations of all governmental authorities having jurisdiction thereof, except as is disclosed in Exhibit D. Without limiting the generality of the foregoing, Seller have no knowledge that Seller or others have stored or disposed of any hazardous substance in a manner inconsistent with the requirements of any federal, state or municipal law or regulation. The building, tower, guys, ground radials and other fixtures used in the operation of the Station are free of structural defects, are suitable for their intended use, are in a good state of maintenance and repair, are contained entirely within the bounds of the Real Property and do not encroach upon any property, the use of which will not be conveyed to Buyer hereunder. All utilities necessary for Buyer's use of the Real Property are installed and in working order and are subject to valid easements. To the best of Seller' knowledge, no condemnation proceedings have been instituted or threatened against the Real Property.

E.     **Licenses:** Exhibit B hereto contains a complete list of all the licenses, permits, and other authorizations issued by the FCC and other governmental authorities, together with any applications therefor pending before such agencies, needed for Seller' operation of the Station, other than the Station's call sign. Except as set forth in Exhibit B, the Licenses are in full force and effect and are free and clear of any restrictions which might limit the full operation of the Station as presently authorized or operated. There are no investigations, proceedings, or material complaints pending or, to the best of Seller' knowledge after due inquiry, threatened, at the FCC or any other governmental authority which might adversely affect the business or operations of the Station, other than proceedings of a rule making nature intended to affect substantial segments of the radio industry generally. All reports and fees required to be filed or paid by a Seller with the FCC or any other governmental authority have been timely filed and paid and all such reports are materially accurate. Such items as are required to be placed in the Station's local public records files have been timely placed in such file and all proofs of performance and measurements that are required to be made by a Seller with respect to the Station's transmission facilities have been timely completed and are on file at the Station. The Station is operating in full compliance with the Licenses and all applicable requirements of the FCC and all other governmental authorities.

F.     **Tangible Property and Fixtures:** Seller have good and marketable title to each item of Tangible Property and the Fixtures, free and clear of all mortgages, liens, charges or encumbrances. The assets listed in Exhibit A are material tangible property used to conduct the business and to operate the Station in the same manner as at present and in the manner authorized by the Licenses. The Tangible Property and the Fixtures are suitable for their intended

purposes, are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, and permit the Station to operate in its customary manner and in accordance with the Licenses and the Rules and Regulations of the FCC and all other governmental authorities having jurisdiction thereof. No one has asserted to a Seller that the operation of the Station has infringed any copyright, patent, trademark, trade name, service mark or other similar right of any third party.

G. **Contracts:** Exhibit C includes all contracts, agreements and commitments (except for programming and advertising contracts) that are used in the operation of the Station and are to be assumed by Buyer. All Contracts are valid, binding, and enforceable by Seller in accordance with their terms. Neither Seller nor any other party to such Contracts is in material breach or default on any of the Contracts, there is no claim of breach or default by a Seller or any other party thereto, and neither Seller has knowledge of any act or omission which has occurred or which has been threatened which could result in any party to such contract being in breach or default thereof. Seller will procure the written consent of all contracting parties to the assignment of the Contracts designated as "material" on Exhibit C prior to the Closing if such consent is required by the terms of such Contracts. As to all other Contracts requiring the consent of any third parties in order for Seller to assign that Contract to Buyer, Seller shall use their best efforts to obtain all such required consents prior to Closing and shall continue to use their best efforts to obtain consents following the Closing, subject to the final sentence of paragraph 6 for the period between Closing and the date such consents are obtained and the Contracts assigned to and assumed by Buyer.

H. **Compliance with Laws; Litigation:** The Station is in compliance with all applicable federal, state and local laws. Without limiting the generality of the foregoing, Seller have timely filed all tax returns, FCC reports and other documents required to be filed by any governmental authority with respect to the Assets or the Station. Seller have maintained the Station's local public inspection file in compliance with FCC requirements. There is no judgment outstanding and no litigation, proceeding or investigation of any nature (other than legislation intended to affect substantial segments of the industry as a whole) pending or, to the knowledge of Seller, threatened which might materially and adversely affect the operation of the Station or the enjoyment and use by Buyer of the Assets to be purchased hereunder. Should any finding, order, complaint, citation or notice allege that any aspect of the Assets or the Station violates any rule or regulation of the FCC or any other governmental agency prior to Closing, Seller shall promptly notify Buyer and use their best efforts to remove or correct such violation and be responsible for all costs associated therewith, including payment of any fines that maybe assessed.

I. **Insolvency; Payment of Taxes:** No insolvency proceedings of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting a Seller or the Assets are pending or threatened. Neither Seller has made an assignment for the benefit of creditors or taken any action with a view to, or that would constitute a valid basis for, the institution of any such insolvency proceedings. As of the Closing Date, Seller will have paid and discharged (or made adequate provision for) all taxes, assessments, excises and levies (including all FCC regulatory fees).

J. **Insurance:** All items of the Tangible Property and Fixtures which are of an insurable character are insured by policies with reputable insurance companies against loss or damage by fire and other risks to the extent and in the manner customary for properties and assets of that nature, and all such policies are in current force and effect.

K. **Accuracy of Information and Disclosures:** No representation or warranty made by a Seller in this Agreement or any information furnished or to be furnished to Buyer or any principal of Buyer in connection with the transactions contemplated herein contains or will contain any untrue statement of material fact or omits or will omit to state a material fact necessary to make the information therein not misleading.

#### 10. **COVENANTS OF SELLER**

A. **Negative:** Between the date hereof and the Closing Date or earlier termination of this Agreement, Seller will not do any of the following without the written consent of Buyer:

(i) Enter into any contract or commitment in relation to the Station's business or employees to which the Buyer will be bound or which will materially adversely affect Buyer's operation of the Station following Closing hereunder;

(ii) Sell, assign, lease, convey, or otherwise transfer or dispose of any of the Assets, whether now owned or hereafter acquired other than in the ordinary course of business, unless, in the case of the Tangible Property, the same are replaced in the normal course of business by assets of at least equal quality and usefulness; or

(iii) Directly or indirectly attempt to sell, offer to sell, advertise for sale, entertain offers for sale, or otherwise take any steps toward a possible sale of the Station or a significant portion of the Assets to any person other than Buyer or an assignee of Buyer, as permitted hereunder.



B. **Affirmative**: Pending the Closing Date, Seller will:

(i) Give to Buyer, its counsel, engineers, accountants and other authorized representatives, reasonable access during normal business hours to all of the properties, premises, books and records pertaining to the operations of the Station for the purposes of inspection, and to such other properties, premises, books and records of a Seller as are necessary to complete such inspections and audits; provided, however, that all such access shall be scheduled in advance and conducted with due regard for the need of Station personnel to maintain broadcast operations without unreasonable interference;

(ii) Operate the Station in accordance with all applicable rules, regulations and policies of the FCC and other governmental authorities and use its commercially reasonable best efforts to preserve the quality of the Station's programming and its business, listeners and customers;

(iii) Perform all of the Contracts according to their terms and, if necessary, renew the same, provided, however, that at Buyer's request, Seller will give protective notices of cancellation with respect to all contracts which Buyer is not to assume;

(iv) Maintain the Tangible Property and Fixtures or replacements thereof in their present condition, ordinary wear and tear excepted, maintain all inventories of supplies and spare parts at levels at least equivalent to those existing on the date hereof, and keep in effect all current insurance policies with respect thereto;

(v) Promptly notify Buyer of any unusual or material developments with respect to the business or operations of the Station;

(vi) Maintain its books, records and accounts, and pay its accounts payable, in the usual, regular and ordinary manner, on a basis consistent with past periods;

(vii) Remove any and all violations of FCC Rules and Regulations which come to its attention or assume responsibility for the costs of removing same, including the payment of any fines that may be assessed for any such violation;

(viii) Extend reasonable cooperation with Buyer and Buyer's lenders and their respective agents and representatives to satisfy such parties' requirements to enable Buyer to consummate this transaction;

## 11. REPRESENTATIONS, WARRANTIES AND COVENANTS OF BUYER

Buyer makes the following representations, warranties and covenants, all of which have been relied upon by Seller in entering into this Agreement and, except as specifically otherwise provided, all of which shall be true and correct as of Closing (and which shall apply as of Closing to any assignee of Buyer permitted hereunder).

A. **Organization**: Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Iowa, and has full power and authority to enter into and perform this Agreement.

B. **Authorization**: The execution and delivery of this Agreement has been duly authorized by all of the shareholders of Buyer, and constitutes a valid and binding agreement of Buyer, enforceable in accordance with its terms.

C. **No Contravention**: The execution, delivery and performance of this Agreement by Buyer will not violate any provision of its articles of incorporation or by-laws nor will result in a breach of, or constitute a default under, the provisions of any agreement or other instrument to which Buyer is a party or by which it is bound or affected.

D. **Qualification**: Buyer knows of no reason under current law, including but not limited to foreign ownership restrictions, why Buyer would not be found fully qualified by the FCC to become licensee of the Station and to consummate the transactions contemplated by this Agreement. Buyer shall take no action or engage in any conduct which would materially impair its ability to consummate this transaction or cause it to become ineligible to hold an FCC license.

## 12. CONTROL OF STATION

Nothing contained in this Agreement shall be construed as giving Buyer any right to directly or indirectly supervise or direct the operation of the Station prior to the Closing. Such operation, including complete control and supervision of all programming, shall be the sole responsibility of Seller. Buyer shall, however, be entitled to reasonable inspection of the property, books and records of the Station, as provided herein. Effective after the Closing, Seller shall have no control over, nor right to intervene or participate in, the operation of the Station.

## 13. RISK OF LOSS - DAMAGE TO FACILITIES

A. The risk of loss or damage to any of the Assets shall be upon Seller prior to the Closing, and thereafter upon Buyer. In the event of such loss or damage prior to

the Closing, the proceeds of, or any claim for any loss payable under, any insurance policy with respect thereto shall be used by Seller to repair, replace, or restore such lost or damaged assets to their former condition as soon as reasonably practicable. In the event such loss or damage or any other reason prevents the broadcast transmission by the Station in the normal and usual manner, Seller shall give prompt written notice thereof to Buyer.

B. If between the date hereof and the Closing Date the Station does not operate substantially in its normal and usual manner for a total of 120 consecutive hours, or if on the Closing Date there exists loss or damage that would entail in excess of Ten Thousand Dollars (\$10,000) to repair, restore or replace, then Buyer may at its sole option consummate the Closing in which event Seller shall pay to Buyer an amount not to exceed Fifteen Thousand Dollars (\$ 15,000.00) to restore the lost or damaged property to its former condition and against such obligation shall assign to Buyer all of Seller' rights under any applicable insurance policies.

C. If the Parties are unable to agree upon the extent of any loss or damage, the cost to repair, replace or restore any lost or damaged property, the adequacy of any repair, replacement or restoration of any lost or damaged property, or any other matter arising under this section, the disagreement shall be referred to a qualified consulting communications engineer mutually acceptable to Buyer and Seller who is a member of the Association of Federal Communications Consulting Engineers, whose decision shall be final, and whose fees and expenses shall be paid one-half by each of Buyer and Seller.

#### **14. CONFIDENTIALITY OF MATERIAL**

Pending the Closing Date, each of Buyer and Seller and their respective employees, representatives and agents will maintain the confidentiality of the information and materials delivered to them or made available for their inspection by the other Parties pursuant to this Agreement, except where such information or material is legally available from non-confidential sources or where such information, schedules, and other documentation are required to be filed with the FCC in connection with the Application. If for any reason the transaction is not consummated and does not close, each of Buyer and Seller will cause their respective employees, representatives and agents to return to the other Party all such materials in their possession and will continue to preserve the confidentiality of all such information.

#### **15. CLOSING DATE AND PLACE**

The Closing of the transactions contemplated by this Agreement shall take place by electronic mail or overnight delivery at the offices of McLario, Helm, and Bertling Law Offices in Menomonee Falls, WI, on a mutually agreed date which is not more than thirty (30) days after the FCC Consent shall have become a Final Order (as defined

below) or such other date as the Parties may mutually determine (the "Closing Date"). A "Final Order" shall mean an FCC grant that is no longer subject to review, reconsideration or appeal by the FCC or any court of competent jurisdiction.

16. **CONDITIONS OF CLOSING - SELLER' OBLIGATIONS**

The obligations of Buyer under this Agreement are, at Buyer's option, subject to compliance by Seller with each of the following terms and conditions at or prior to the Closing Date:

A. **Status of Station and Business:** The Station shall be operating in compliance with all parameters listed on the Licenses, each Seller shall have paid in full of all of its accounts payable with respect to Station operations, and there shall have been no material adverse change in the Assets;

B. **FCC Consent:** The FCC shall have granted the Application and such approval shall have become a Final Order unless waived by both Seller and Buyer;

C. **Consents:** Seller shall have obtained required written consents to all Contracts designated as material in Exhibit C and delivered such consents to Buyer along with true copies of all said Agreements;

D. **Absence of Litigation or Material Adverse Changes:** As of the Closing Date, no action, suit or proceeding seeking to enjoin, restrain or prohibit the consummation of the transactions contemplated by this Agreement or otherwise having a material adverse effect upon the operations of the Station or any material Assets shall be pending before any court, the FCC or any other governmental body or authority. Subsequent to the date of this Agreement, there shall have been no changes in the Assets or operation of the Station, except for changes in the ordinary course of business or as contemplated by this Agreement, none of which, individually or in the aggregate, shall be materially adverse.

E. **Instruments of Conveyance:** Seller shall have executed (or caused to be executed) and delivered to Buyer the following instruments, all of which shall be in form customary in the State of Wisconsin, if applicable, and reasonably satisfactory to counsel for Buyer:

(i) Bills of sale and other instruments of assignment and transfer, covering all the Tangible Property, Fixtures, Intangible Property and Records;

(ii) Assignments and other appropriate instruments assigning the Licenses and other authorizations of the Station and the Contracts to be assumed by Buyer;

(iii) The Security Agreement executed by Seller; and

(iv) Such other documents as Buyer shall reasonably request and which are necessary to place Buyer in actual possession and operating control of Station and the Assets being transferred hereunder.

F. **Accuracy of Representations** - Compliance with Covenants The representations, warranties and covenants of Seller contained in Paragraph 9 hereof shall be true and correct in all material respects as of the Closing Date with the same force and effect as if made on that date, and Seller shall have complied with all the covenants contained in Paragraph 10. Seller shall provide Buyer with the certificate of an officer so stating under oath.

J. **Related Agreements**. Seller shall have executed the Local Marketing Agreement, and the Security Agreement, and neither Seller shall be in default thereunder.

K. **Other Acts**: Seller shall, within reason, have done any other acts which are necessary to effectuate the transactions contemplated herein.

#### 17. **CONDITIONS OF CLOSING - BUYER'S OBLIGATIONS**

The obligations of Seller under this Agreement are, at Seller' option, subject to compliance by Buyer with each of the following terms and conditions at or prior to the Closing Date:

A. **FCC Consent**: The FCC shall have granted the Application and such grant shall have become a Final Order unless waived by both Buyer and Seller.

B. **Payment of Purchase Price**: Buyer shall have paid to Seller the Purchase Price. In connection therewith; i) Seller and Buyer shall have executed and delivered the Security Agreement; ii) Buyer shall have executed and delivered to Seller the Promissory Note.

C. **Assumption of Agreements**: Buyer shall have delivered to Seller a document, in form and substance reasonably satisfactory to Seller, whereby Buyer assumes those liabilities and obligations of Seller under the agreements to be assumed pursuant to Paragraph 6 hereof.

D. **Accuracy of Representations:** The representations, warranties and covenants of Buyer contained in Paragraph 11 hereof shall be true and correct in all material respects as of the Closing Date with the same force and effect as if made on that date, and Buyer shall deliver to Seller the certificate of its President so stating under oath.

E. **Related Agreements.** Buyer shall have executed the Local Marketing Agreement, the Security Agreement, and the Promissory Note, and shall not be in default thereunder.

F. **Other Acts:** Buyer shall, within reason, have done any other acts which are necessary to effectuate the transactions contemplated herein.

#### 18. **REMEDIES UPON TERMINATION OR DEFAULT**

If this Agreement is terminated due to no fault of either Buyer or Seller, then neither Buyer nor Seller shall have any liability to the other. If this Agreement is terminated due to a material default of a Seller then, in addition to any other remedies to which it may be entitled, Buyer may seek a decree of specific performance, it being agreed by both Buyer and Seller that the Assets to be conveyed hereunder are unique and irreplaceable, and that monetary damages alone may not suffice to compensate Buyer for the loss of an opportunity to acquire the Station on the terms set forth herein. If this Agreement is terminated due to Buyer's material default hereunder, then Buyer agrees to waive rights to the LMA Security Deposit, as and for liquidated damages and not as a penalty, it being agreed that actual damages would be difficult to calculate and that the sum of Fifty Thousand Dollars (\$50,000.00) is a reasonable estimate of Seller' damages.

#### 19. **INDEMNIFICATION**

Seller shall indemnify, defend, and hold Buyer harmless against all claims, demands and legal actions and will reimburse Buyer for any damages (including legal fees incurred with respect to same) resulting from, or arising out of (a) the operation of the Station prior to Closing, (b) the material breach by a Seller of any of its representations, warranties or covenants set forth herein, (c) all liabilities of Seller other than to the extent Buyer expressly agrees to assume such liabilities pursuant to the terms hereof, or (d) all liens, charges or encumbrances on any of the Assets that are not expressly permitted by this Agreement. Buyer shall indemnify, defend and hold Seller harmless against all claims, demands and legal actions, and will reimburse Seller for any damages (including legal fees incurred with respect to same) resulting from, or arising out of (a) the operation of the Station after Closing, (b) the material breach by Buyer of any of its representations, warranties or covenants set forth herein or (c) all obligations which Buyer expressly assumes herein. Should any claims covered by the foregoing provisions be asserted against either party, the party being charged shall

notify the other promptly and give it an opportunity to defend the same; the Parties shall extend reasonable cooperation to each other in connection with such defense.

20. **ATTORNEY'S FEES; PREJUDGMENT INTEREST.**

In the event of commencement of suit by either party to enforce the provisions of this Agreement, the prevailing party shall be entitled to receive such attorney's fees and costs as a court may adjudge reasonable in addition to any other relief granted. Any award of damages following judicial remedy as a result of the breach of this Agreement or any of its provisions shall include, to the extent permitted by applicable law, an award of prejudgment interest from the date of the breach at the maximum rate of interest allowed by law.

21. **PRESERVATION OF BOOKS AND RECORDS**

For three (3) years after the Closing, (a) Buyer will preserve the books and records of Seller delivered pursuant to Paragraph 1 .F. hereof, and will allow Seller reasonable access to them and (b) Seller will preserve all other books and records relating to the Station and will allow Buyer reasonable access to them.

22. **SURVIVAL**

Unless otherwise provided herein, the representations, warranties, covenants, and agreements contained herein and in any certificate or other instrument delivered pursuant hereto shall be deemed and construed to be continuous and shall survive the Closing hereunder and the payment of the purchase price for a period of three (3) years. The agreements set forth in the Exhibits hereto shall survive the Closing and shall be subject to their respective terms and conditions.

23. **BROKER/FINDER**

Buyer and Seller hereby mutually represent that there are no finders, consultants or brokers involved in this transaction and that neither Seller nor Buyer has agreed to pay any brokers', finders' or consultants' fees in connection with this transaction. In the event any other consultant, broker or finder asserts a claim in connection with this transaction, the Party who is alleged to have engaged or retained such other consultant, broker or finder shall indemnify and hold harmless the other Parties, if such claim is asserted against such other Party by said consultant, broker or finder.

24. **NOTICES**

All necessary notices, demands and requests shall be deemed duly given if mailed by registered or certified mail, postage prepaid, or by an overnight courier providing written confirmation of receipt, addressed as follows:

Seller: Quad Cities Media, LLC.  
4020 N. 128<sup>th</sup> St.  
Brookfield, WI 53005  
Attn: Randall Melchert

Copy to: John McLario, Esquire  
McLario, Helm, & Bertling Law  
N88 Appleton Ave.  
Menomonee Falls, WI 53051

Buyer:

Copy to:

**25. MEDIATION/ARBITRATION**

If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through informal negotiation, the Parties agree first to try in good faith to settle the dispute by mediation, using a mediator mutually agreeable to both Parties. If the Parties cannot resolve their dispute through mediation, they shall proceed to binding arbitration as set forth below.

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, if not resolve according to informal negotiation or mediation, shall be settled by binding arbitration administered by the American Arbitration Association ("AAA") under the then most current AAA National Rules, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof

**26. ASSIGNMENT AND BENEFIT**

This Agreement is not assignable by either Buyer or a Seller without written consent of the other Parties. This Agreement and all of the obligations set forth herein shall be binding upon the Parties and their respective heirs, assigns and successors.

**27. COOPERATION**

Each Party hereto agrees to perform such further acts and to execute and deliver such further documents as may be necessary or desirable to effectuate the purposes of this Agreement.

**28. TIME OF ESSENCE**



Time is of the essence with respect to every provision of this Agreement.

29. **AMENDMENT/WAIVER**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Buyer and the Seller. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence, and no failure to enforce any right hereunder shall preclude or affect the later enforcement of such right.

30. **ENTIRE AGREEMENT**

This Agreement, together with its Exhibits, embodies the entire agreement among the Parties and supersedes all prior agreements and understandings among the Parties.

31. **GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with rules and policies of the FCC, and the laws of the State of Wisconsin without giving effect to any choice or conflict of law provision or rule (whether of the State of Wisconsin or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Wisconsin.

32. **SEVERABILITY**

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

33. **INCORPORATION OF EXHIBITS**

The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

34. **EXECUTION IN COUNTERPARTS**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

**- THE NEXT PAGE IS THE SIGNATURE PAGE -**

**EXECUTED as of the day first above written.**

ATTEST: Quad Cities Media, LLC.

\_\_\_\_\_ By \_\_\_\_\_  
Randall Melchert, President

ATTEST: **La Jefa Latino Broadcasting, LLC**

\_\_\_\_\_ By \_\_\_\_\_  
Victoria Duran, President

## **EXHIBITS**

Exhibit A	Tangible Property
Exhibit B	Licenses
Exhibit C	Assumed Contracts
Exhibit D	Transmitter Site Lease
Exhibit E	Excluded Assets
Exhibit F	Allocation of Purchase Price
Exhibit G	(intentionally omitted)
Exhibit H	Promissory Note
Exhibit I	Security Agreement
Exhibit J	Local Marketing Agreement

## EXHIBIT A

### TANGIBLE PROPERTY

#### **Transmitter Building and Contents:**

- 1 Transmitter building - all brick construction, circa 1939  
Size: 1300' sq ft
- 1 Cyclone Wire fencing with man-gate around transmitter building  
Size: 322' linear ft 83x83 ft
- 1 Telephone pole mount installation - inside transmitter bldg fence
- 1 3 foot STL antenna - main program
- 1 2 foot STL antenna - {old Remote control}
- 1 Marti 5 element RPU antenna - {old EBS Marti}
- 2 100 foot 7/8 inch foam heliax coax with connectors  
(used for STL receivers)
- 1 100 foot 7/8 inch foam heliax coax with connectors  
(used for RPU EBS operation)
- 1 Collins 820-E1 AM 5kw transmitter AM 1270 (installed 1975)
- 1 Harris Pattern Phasor box and associated equipment
- 3 Equipment metal racks
- 1 Moseley MRC-1600 remote control unit
- 1 Potomac model AM-19 antenna monitor
- 1 15 amp RF frequency meter, plug in
- 1 8 amp RF frequency meter, plug in
- 1 Texar AM prism II audio processor, stereo
- 1 homebrew, tower pattern change-over device, original design.
- 1 metal office desk
- 1 chair
- 1 audio jack panel
- 1 wooden work bench
- 3 multi-level storage shelving
- 1 misc. set of tower light lens and tower light spares
- 1 set of misc. set of tools (small wrenches, 3" drill bit)
- 1 set of misc. transmitter repair parts
- 1 set of misc. Potomac repair parts
- 1 set of misc. technical manuals
- 1 fire extinguisher CO 2
- 1 set of octal relays used for remote controller
- 1 Marti STL-8 receiver with coax pigtails.
- 1 set of misc. old EBS equipment, non-functional.

## **Tower Information:**

### **1 West Tower**

Truscon Tower Company, 322' tall broadcast tower, built 1939, painted Aug. '02  
Vertical, self supporting, series-excited, tapered radials of semi-uniform cross section.  
Top beacon light and 4 obstruction lights on tower.  
7/8 inch foam heliax coax 350' more/less, buried between tower and transmitter bldg

### **1 East Tower**

Truscon Tower Company, 322' tall broadcast tower, built 1946, painted Aug. '02  
Vertical, self supporting, series-excited, tapered radials of semi-uniform cross section.  
Top beacon light and 4 obstruction lights on tower.  
Western Electric WE-54 FM 8 bay FM Antenna atop tower.  
7/8 inch foam heliax coax 350' more/less, buried between tower and transmitter bldg

- 1 AM Sample loop for West Tower
- 1 AM Sample loop for East Tower
- 1 ATU tuning and antenna contactor box - West Tower
- 1 Sample loop coil box - West Tower
- 1 Unknown length of 3/8" foam heliax coax for sample loop on mid tower - West Twr
- 1 ATU tuning and antenna contactor box - East Tower
- 1 Unknown length of 3/8" foam heliax coax for sample loop on mid tower - East Twr
- 2 Austin ring tower lighting transformers, one per tower
- 2 Tower light flasher boxes, one per tower
- 3 #6 gauge black electrical cable to West tower, buried, tower lighting power
- 3 #6 gauge black electrical cable to East tower, buried, tower lighting power
- 1 12/3 gauge electrical cable to West tower, buried, RF contactor power
- 1 12/3 gauge electrical cable to East tower, buried, RF contactor power
- 1 Electric cut-off box for East Tower Contactor box
- 1 Wooden fence for West Tower and man-gate, new in 2002  
Size: 149 feet total 20x45x38x46
- 1 Wooden fence for East Tower and man-gate, new in 2002  
Size: 188 total feet 17x60x54x57
- 2 Both towers have buried ground radials, 300' in length each, 3 degree spacings
- 2 Both towers have buried ground wire mesh grid beneath towers in fenced area

## **STL Equipment**

- 1 Moseley MRC-1600 remote controller
- 1 Burk EAS Endec, less printer and audio switcher
- 1 Marti STL-8 transmitter

## **New Transmitter Equipment**

- 1 Broadcast Electronics 6 kW AM Transmitter
- 1 Laptop computer
- 1 Matchbox balanced audio converter
- 1 Radio Shack handheld scanner
- 1 Magnet mount CB antenna
- 1 Building mounted Scanner antenna with 75 foot cable
- 1 Small mounted rack cooling fan
- 1 Small Switch for EAS
- 2 Sony CD player radios with digital scan for EAS receptions
- 1 radio with non-functional cd player used for WKBF monitor
- 2 timers for pattern change (one Intermatic and one Radio Shack)
- 1 Various power supplies and surge protectors
- 1 Extra 20' XLR to spade backup cable
- 1 Additional building electrical panel and Power Surge Device for BE transmitter

## **Studio Equipment**

- 1 Computer, Monitor, Keyboard, and Mouse
- 2 SM 58 Microphones
- 3 Microphone Clips
- 3 Desktop Microphone Stands
- 1 MXL 990 Microphone & Kit
- 1 Behringer UBB 1002 Mixer
- 1 Headphone Extension Cord
- 1 Telephone audio adapter
- misc audio adapters and cables
- misc bumperstickers

**EXHIBIT B**

**LICENSES AND AUTHORIZATIONS**

WKBF(AM), Rock Island, Illinois (FCC Facility ID #8593)

Licensee: Quad Cities Media, LLC.

Licenses Expire: 12/01/2012

Auxiliaries:

WOB43	STL
WQA999	Remote Pickup



## **EXHIBIT C**

### **ASSUMED CONTRACTS**

BMI Contract

ASCAP Contract

SESAC Contract

Buyer shall also have full rights to the contract and the revenue from a sublease with Kovas Communications for use of the towers at the transmission site.

**EXHIBIT D**

**TRANSMITTER SITE LEASE**

Tower Site Lease: Lease dated October 1, 2002 with Two Rivers YMCA, Inc. as Landlord for tower site located in Moline, Illinois, as amended October 1, 2007.

**EXHIBIT E**

**EXCLUDED ASSETS**

Spacial Audio automation software license

**EXHIBIT F**

**ALLOCATION OF PURCHASE PRICE**

[To Be Decided by Seller and Buyer prior to Closing]

**EXHIBIT H**

**PROMISSORY NOTE**

## PROMISSORY NOTE

\$630,000.00

6/\_\_\_/09

FOR VALUED RECEIVED, the undersigned, **La Jefa Latino Broadcasting, LLC** (the "Maker"), hereby promises to pay to the order of **Quad Cities Media, LLC** (the "Holder") (each a "Party" and together the "Parties"), the principal sum of Six Hundred Thirty Thousand Dollars (\$630,000.00) together with interest on the outstanding principal balance hereunder from the date hereof at the rate and in the manner set forth below in this Promissory Note (the "Note"). All payments of principal or interest or both shall be paid as set forth below, and each such payment shall be made in lawful money of the United States of America.

This Note is subject to the following terms and conditions, for so long as the Note is in effect or any amounts payable thereunder or under any document referenced in Sections 5(d) and 8 hereof shall remain outstanding:

1. Interest Rate. This Note will bear interest at a rate of eight percent (8%) per annum. Interest will be compounded monthly.

2. Monthly Payments and Due Date. The principal sum, inclusive of interest, shall be paid in monthly installments of Ten Thousand Dollars (\$10,000.00) each (each a "Monthly Payment" and collectively the "Monthly Payments"), with a balloon payment of Fifty Thousand Dollars (\$50,000) (the "Balloon Payment") due on the first (1st) anniversary of the execution date of this Note. The first Monthly Payment shall be due one (1) calendar month after the execution date of this Note, and a like amount on the same day of each month thereafter. All payments shall be first applied to accrued interest and the balance to principal. The entire principal balance of this Note, together with all unpaid accrued interest hereunder (the "Amount Due"), shall be due and payable in its entirety upon the earlier of: i) seven (7) calendar years after the execution date of this Note (the "Maturity Date"); or ii) any Event of Default (as defined below), at the option of Holder.

3. Optional Prepayment. The Maker shall have the right to prepay, without premium or penalty, at any time after the date hereof, all or any portion, of the outstanding principal balance of this Note, together with accrued interest on the principal amount prepaid.

4. Representations and Warranties. The Maker hereby represents and warrants to the Holder that:

a. The Maker is a corporation, duly organized, validly existing and in good standing under the laws of the State of Wisconsin;

b. The execution and delivery of this Note and the performance of the Maker in its obligations hereunder are within its power and authority. All actions necessary to authorize the execution, delivery and performance of this Note by Maker have been taken;

c. This Note has been, and at execution will have been, duly and validly executed and delivered by Maker, and this Note constitutes the legal, valid and binding obligation of Maker. This Note is enforceable against Maker in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors and other laws of general application affecting enforcement of creditors' rights generally, rules of law governing specific performance, injunctive relief and other equitable remedies; and

d. The execution and delivery of this Note and the compliance with the provisions hereof by Maker: (i) does not require any consent or approval of, registration or filing with, or any other action by, any governmental authority; (ii) will not violate any applicable law or regulation or the certificate of incorporation or bylaws of the Maker or any order of any governmental authority; and (iii) will not violate or result in a default under any agreement or instrument evidencing or governing any material indebtedness of the Maker or its assets or give rise to a right thereunder to require any payment to be made.

5. Covenants. The Maker hereby covenants the following:

a. Payment of Note. The Maker will punctually pay or cause to be paid to Holder the principal and interest on this Note in the manner specified herein.

b. Further Assurances. The Maker shall execute and/or produce any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings and other documents), and provide any such information which the Holder may reasonably request.

c. Subordination of Other Debt. The Maker shall not enter into any arrangement whereby this Note is made subordinate to any other debt of Maker.

d. Compliance with Other Agreements. The Maker shall comply with the terms of the Security Agreement which has been executed by and between Maker and Holder as of the date hereof (the "Security Agreement").

6. Events of Default. The following are Events of Default hereunder:

a. Any failure by the Maker to pay any monthly payment when due, and such failure shall not have been cured within fifteen (15) days, or any failure by the Maker to pay the Amount Due on or before the Maturity Date;

b. Any failure by the Maker to comply with any of the covenants or conditions set forth in this Note and such failure continues for thirty (30) days after notice of such failure;

c. Maker makes an assignment for the benefit of creditors, files a petition in bankruptcy, petitions or applies to any tribunal for any receiver or any trustee of Maker or any substantial part of its property, or commences any proceeding relating to Maker under any reorganization, arrangement, readjustments of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect;

d. If, within sixty (60) days after the filing of a bankruptcy petition or the commencement of any proceeding against Maker seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the proceeding shall not have been dismissed, or, if, within 60 days after the appointment, without the consent or acquiescence of Maker, of any trustee, receiver or liquidator of Maker or of all or any substantial part of the properties of Maker, the appointment shall not have been vacated;

e. Any order, decision or other action by the FCC, the result of which would lead to the revocation by the FCC of the license for WKBF(AM), Rock Island, Illinois ("WKBF");

f. The assignment of the FCC license for WKBF to a third party not under the control of Maker or its principals, which assignment would require the filing and grant of an application on FCC Form 314 in order to be lawfully consummated;

g. A substantial change in the ownership of Maker, which change would require the filing and grant of an application on FCC Form 315 in order to lawfully consummate; or

h. Any default by the Maker under the Security Agreement.

7. Remedies on Default. If any Event of Default shall occur and be continuing, then the entire principal balance and all accrued interest under this Note shall, at the option of the holder hereof, become immediately due and



payable, without notice or demand; provided, however, that upon an Event of Default described in Section 6(c) or (d) of this Note, then the entire principal balance and all accrued interest under this Note shall automatically become immediately due and payable, without notice or demand. Should it become necessary for Holder to retain legal counsel in order to secure payment hereunder, Maker shall be responsible for reimbursing Holder for all reasonable attorneys' fees.

8. Loss, Theft, Destruction or Mutilation of Note. Upon notice by the Holder to the Maker of the loss, theft, destruction or mutilation of this Note, and of indemnity or security reasonably satisfactory to the Maker, and upon reimbursement to the Maker of all reasonable expenses incidental thereto, and upon surrender and cancellation of this Note, if mutilated, the Maker will make and deliver a new Note of like tenor, in lieu of this Note.

9. Notice. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally or by overnight mail, postage prepaid, and shall be deemed given when so delivered, as follows:

Holder: Quad Cities Media, LLC.  
4020 N. 128<sup>th</sup> St.  
Brookfield, WI 53005  
Attn: Randall Melchert

Copy to: John McLario, Esquire  
McLario, Helm, & Bertling Law  
N88 Appleton Ave.  
Menomonee Falls, WI 53051

Maker: La Jefa Latino Broadcasting, LLC  
404 Walnut St.,  
Galt, IA 50101

Copy to:

10. Amendments. This Note may not be changed orally, but only by an agreement in writing and signed by the Party against whom enforcement of any waiver, change, modification or discharge is sought.

11. Governing Law. This Note and the rights and obligations of the Maker and Holder hereunder shall be governed by and construed in accordance with the laws of the State of Wisconsin, without giving effect to the conflict of law principles thereof.

12. Headings/Definitions. The headings in this Note are solely for convenience of reference and shall be given no effect in the construction or interpretation of this Note. Any capitalized terms used herein that are not defined herein shall have the same meanings which are assigned to such terms in the Asset Purchase Agreement.

13. Representation by Counsel. The undersigned has been represented and advised by counsel in connection with the execution of this Note, and has been apprised of its meaning and effect, and executes it freely and voluntarily.

14. FCC Consent. No action requiring FCC consent shall be taken by either Party without obtaining such consent prior to taking such action.

IN WITNESS WHEREOF, the Maker has duly caused this Note to be signed on its behalf, in its corporate name and by its duly authorized officer as of the date first set forth above.

\_\_\_\_\_  
Witness

Print Name: \_\_\_\_\_

\_\_\_\_\_  
By: **La Jefa Latino Broadcasting, LLC**  
Victoria Duran  
President

**EXHIBIT I**  
**SECURITY AGREEMENT**

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is entered into as of this \_\_\_\_ day of June, 2008 (the "Effective Date"), by and between **Quad Cities Media, LLC.**, a Wisconsin corporation ("QCM") and **La Jefa Latino Broadcasting, LLC**, an Iowa corporation ("LPC") (each a "Party" hereto and, collectively, the "Parties").

### RECITALS

WHEREAS, LPC has executed, concurrently with this Security Agreement, a Promissory Note (the "Note") and has delivered the Note to QCM, and;

WHEREAS, in order to ensure that the monies due and payable to QCM pursuant to the Note will be secured as provided herein, and as an inducement for QCM to agree to defer payments owed by LPC and to enter into additional agreements with LPC, LPC has agreed to grant QCM a security interest, as set forth in this Security Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, each intending to be legally bound, do hereby agree as follows:

1. Grant of Security. LPC hereby collaterally assigns and pledges to QCM, and hereby grants to QCM a present, absolute, unconditional and continuing security interest in, all of LPC's right, title, interest and benefits in, to and under: a) all assets, tangible or intangible, now or in the future used and useful in the operation of radio station WKBF(AM), Rock Island, Illinois ("WKBF") except those Licenses issued by the FCC; and b) the proceeds derived from any assignment and sale of the Licenses issued by the FCC for WKBF to any third party; (collectively, the "Collateral").

2. Security for Obligations. This Security Agreement secures the payment and performance by LPC of obligations (collectively, the "Secured Obligations"), now or hereafter existing, under the Note and any other agreements executed in connection therewith.

3. Continuing Security Interest. This Security Agreement creates a continuing security interest in and collateral assignment and pledge of the Collateral and will remain in full force and effect until terminated as described herein. This Security Agreement is binding on LPC and its successors, transferees, and assignees, and, together with the rights and remedies of QCM

hereunder, inures to the benefit of QCM and its successors, transferees and assignees.

4. Security Interest Absolute. All rights of QCM, and the security interests and pledges granted, assigned and pledged to QCM hereunder, and all obligations of LPC hereunder, are absolute and unconditional. LPC hereby waives any right to or any claim of any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of any invalidity, irregularity, compromise, unenforceability of, the Secured Obligations.

5. Representations and Warranties of LPC. LPC hereby represents and warrants to QCM the following:

(a) LPC has the exclusive and transferable right to possess and use the Collateral;

(b) LPC has full corporate authority to pledge, assign and grant a security interest in the Collateral;

(c) The Collateral is free and clear of any claims, liabilities, mortgages, deeds of trust, assignments, liens, pledges, conditions, charges, security interests or other encumbrances of any nature whatsoever, other than those contemplated herein and in the Note;

(d) No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office; and

(e) The execution and delivery of this Security Agreement and the compliance with the provisions hereof by LPC: (i) will not violate in any material respect any applicable law or regulation or the certificate of incorporation or bylaws of LPC or any order of any governmental authority, and (ii) will not violate in any material respect or result in a default under any agreement or instrument evidencing or governing any material indebtedness of LPC or its assets or give rise to a right thereunder to require any payment to be made.

6. Further Assurances. At the request of QCM:

(a) LPC will join with QCM in executing one or more filing(s) necessary or appropriate to record and perfect the security interest granted pursuant to this Security Agreement; and

(b) LPC will provide to QCM on a timely basis copies of financial and other information deemed necessary by QCM to determine the financial stability of LPC.

7. Covenants of LPC. LPC covenants that it shall:

(a) maintain its corporate existence and remain in good standing in its state of incorporation;

(b) pay taxes when due;

(c) prevent liens on the Collateral (other than those in favor of QCM);

(d) maintain the Collateral in good working order and otherwise operate in accordance with generally accepted practices in the broadcasting industry; and

(e) maintain adequate insurance on the Collateral, such insurance to name QCM as a co-insured party, provide certificate of insurance to QCM, and to notify QCM of any lapse in insurance.

8. Appointment of Receiver. If any Event of Default occurs, QCM shall have the exclusive right to appoint a receiver for WKBF ("Receiver"), subject to the prior approval of the Federal Communications Commission ("FCC"). LPC shall take or cause to be taken all steps reasonably necessary to obtain such approval. Upon appointment by QCM and approval of the FCC, the Receiver shall be authorized to operate WKBF during the continuation of any Event of Default under the Note and sell the Collateral subject to prior approval of the FCC. The written certification of an Event of Default shall be deemed sufficient evidence of such Event of Default in any proceeding for the appointment of a Receiver, and LPC agrees to accept such certification. LPC hereby waives any and all rights to protest the appointment of the Receiver to the FCC or any court or other administrative body.

9. Termination. This security interest and pledge created herein will terminate (and all rights to the Collateral will revert to LPC) upon payment of the Note in full.

10. Modification. This Security Agreement, together with the Note and the Asset Purchase Agreement, constitute the entire agreements between the Parties pertaining to the subject matter contained herein and therein and supersede all prior and contemporaneous agreements, representations

and understandings of the Parties. No supplement, modification or amendment of this Security Agreement shall be binding unless executed in writing by the Parties.

11. Severability. Wherever possible, each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Security Agreement shall be prohibited by or invalidated under such law, then such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement.

12. Governing Law. This Security Agreement and the rights and obligations of the Parties hereunder shall governed by and construed in accordance with the laws of the State of Wisconsin, without giving effect to the conflict of law principles thereof.

13. Headings. The captions in this Security Agreement are for convenience only and shall not be considered a part of or affect the interpretation of any provision of this Security Agreement.

14. Recitals. The recitals to this Security Agreement shall be deemed to form and be read and construed as an integral part of this Security Agreement.

15. Definitions. Any capitalized terms used herein that are not defined herein shall have the same meanings which are assigned to such terms in the Note and the Asset Purchase Agreement.

16. Counterparts. This Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17. Notice. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally or by overnight mail, postage prepaid, and shall be deemed given when so delivered, as follows:

Quad Cities Media, LLC.  
4020 N. 128<sup>th</sup> St.  
Brookfield, WI 53005  
Attn: Randall Melchert

Copy to: John McLario, Esquire

McLario, Helm, & Bertling Law  
N88 Appleton Ave.  
Menomonee Falls, WI 53051

Buyer: **La Jefa Latino Broadcasting, LLC**  
404 Walnut St.,  
Galt, IA 50101

Copy to:

18. Representation by Counsel. Each party has been represented and advised by counsel in negotiating this Security Agreement, and has been apprised of its Representation by Counsel. Each party has been represented and advised by counsel in negotiating this Security Agreement, and has been apprised of its meaning and effect and the Parties' rights and obligations thereunder, and each Party enters into this Security Agreement freely and voluntarily.

[SIGNATURE PAGE FOLLOWS]



[SIGNATURE PAGE TO SECURITY AGREEMENT]

IN WITNESS WHEREOF, each of the Parties has caused this Security Agreement to be executed by its duly authorized representatives as of the date first stated above.

QUAD CITIES MEDIA, LLC.

**La Jefa Latino Broadcasting, LLC**

By: \_\_\_\_\_  
Randall Melchert, President

By: \_\_\_\_\_  
Victoria Duran, President

**EXHIBIT J**

**LOCAL MARKETING AGREEMENT**

## LOCAL MARKETING AGREEMENT

This Local Marketing Agreement ("Agreement") is made and entered into as of June \_\_\_\_\_, 2008 by and among **Quad Cities Media, LLC**, a Wisconsin corporation ("QCM" and "Licensee"), and **La Jefa Latino Broadcasting, LLC**, an Iowa corporation ("Programmer") (collectively, the "Parties").

### Recitals

A. Licensee owns and operates radio station WKBF (AM), 1270 kHz, Facility ID No. 8593 (the "Station") licensed by the Federal Communications Commission (the "FCC") to serve the community of Rock Island, Illinois, and Licensee desires to sell to Programmer airtime for the broadcast of programs produced by Programmer on the Station.

B. QCM is the owner of all assets other than the FCC license used in the operation of the Station.

C. Programmer has available and is producing radio programs that it desires to have broadcast on the Station and therefore desires to purchase airtime from Licensee for the broadcast of such programs.

D. Licensee has agreed to make available to Programmer airtime on the Station and accept for broadcast the programs of Programmer on the terms and conditions set forth in this Agreement.

E. Licensee, QCM and Programmer are concurrently executing an Asset Purchase Agreement (the "APA") pursuant to which Programmer will purchase the Station and other assets from Licensee and QCM, subject to the prior approval of the FCC and satisfaction of the terms and conditions in the APA.

Wherefore, in consideration of the foregoing premises, the mutual covenants contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

### Terms

1. Agreement Term. The term of this Agreement (the "Term") will begin on June 1, 2008 (the "Effective Date") and will continue until the earlier of: a) the Closing Date as defined in the APA; or b) twelve (12) months after the Effective Date, unless earlier terminated by mutual written agreement of the Parties.

2. Programmer's Purchase of Airtime and Provision of Programming. Licensee agrees to make the broadcasting transmission facilities of the Station available to Programmer and to broadcast on the Station, or cause to be broadcast, Programmer's programs for up to 24 hours a day, seven days a week (the "Programming"), except for (i) the broadcast of Licensee's public service programming as provided in Section 7 of this Agreement ("Licensee's Programming"); (ii) downtime occasioned by routine maintenance directed by Licensee generally to be performed between the hours of 10:00 p.m. and 6:00 a.m. local time; (iii) times when Programmer's programs are not accepted or are preempted by Licensee in accordance with this Agreement or because such Programming does not satisfy the standards of Section 7 of this agreement; and (iv) Force Majeure Events. For purposes of this agreement, Force Majeure Events shall mean any failure or impairment of facilities or any delay or interruption in broadcasting Programming not directly or indirectly the fault of Licensee or its employees or agents, or failure at any time to furnish the facilities, in whole or in part, for broadcasting, due to acts of God, national emergencies, strikes or threats thereof, force majeure or any other causes beyond the control of Licensee. Interruption of service as a consequent of one or more Force Majeure Events shall not constitute a breach of this Agreement. Programmer will broadcast its Programming in such manner as to meet technical and quality standards at least equal to those of the Station's broadcast programs prior to commencement of the Term.

3. Broadcasting Obligations. In return for the payments to be made by Programmer hereunder, Licensee shall commence broadcasting the Programming delivered by Programmer subject to the provisions of Section 7 below, and subject to the right of Licensee to reject any of Programmer's programs which do not meet Licensee's technical standards, as set forth in Section 2 above. If for any reason Programmer is unable to or refuses to provide Programming, Licensee may, in its sole discretion, choose to begin broadcasting alternative programming or cease operations until such time as Programmer is able to begin providing the Programming in accordance with this Agreement, provided that, Licensee shall have such other rights as are available to it pursuant to the various agreements among the parties thereto, and provided further that, Programmer's obligation to make timely payments hereunder shall continue as if Programmer were providing the Programming.

#### 4. Advertising Sales.

4.1 During the Programming it delivers to the Station, Programmer shall have full authority to sell for its own account all commercial spot advertising and block programming time on the Station and to retain all revenues from the sale of such advertising and programming. Although Licensee is ultimately responsible for all financial affairs of the Station, the parties agree that Programmer shall have reasonably broad discretion to deal as it deems appropriate with all advertising and programming accounts relating to advertising and programming sold by it, subject to strict observance of Licensee's

rights to oversee, control and preempt as provided in this Agreement; provided, however, Programmer shall deal with political candidate and supporter advertising as required by the Communications Act, other laws, FCC rules, regulations policies, by the standards therefore provided by Licensee to Programmer, and promptly shall provide Licensee with the required documentary evidence on political advertising matters as the FCC political advertising and public file rules require.

4.2 All accounts receivable of Licensee with regard to the Station pending on or before Effective Date shall remain the sole property of Licensee. Any of Licensee's accounts receivable that are received by Programmer shall be remitted to Licensee within ten (10) business days.

5. Payments for Broadcasting. In exchange for the right to broadcast programs on the Station, and for the other benefits made available to Programmer pursuant to this Agreement, Programmer shall, during the Term, make payments as set forth in Schedule A attached hereto. If the Term does not begin on the first day of a month or does not end on the last day of a month, the sum payable under this section shall be prorated for such month.

6. Delivery of Programs. Licensee shall begin broadcasting the Programs in accordance with Section 3 above no later than the Effective Date.

7. Operation, Ownership and Control of the Stations. Notwithstanding anything to the contrary in this Agreement, as long as Licensee remains the licensee of the Station, it will have full authority, power and control over the operation of the Station and over all persons working at the Station during the Term of this Agreement. Licensee will bear the responsibility for the Station's compliance with all applicable provisions of the rules and policies of the FCC and all other applicable laws. Licensee will retain control over the policies, finances, programming and operations of the Station, including the right to preempt any programming it deems unsuitable or contrary to the public interest. Nothing contained herein shall prevent or hinder Licensee from (i) rejecting or refusing programs which Licensee believes to be contrary to the public interest, or (ii) substituting a program which Licensee believes to be of greater local or national importance or which is (or are) designed to address the problems, needs and interests of the community of license of the Station. Licensee reserves the right to refuse to broadcast any program containing matter which is violative of, or which Licensee reasonably believes violates, or which a third party claims to violate, any right of any third party, or which may constitute a "personal attack" as that term has been defined by the FCC. Licensee also reserves the right to refuse to broadcast any program which does not meet the requirements of the rules, regulations, and policies of the FCC or the regulations and restrictions set forth in Section 12 or in Schedule B attached hereto (described further below). Licensee further reserves the right to preempt any program and to broadcast programming Licensee

deems will better serve the public interest and in the event of a local, state, or national emergency. Programmer agrees to cooperate with Licensee to ensure that Emergency Alert Service ("EAS") transmissions are properly performed in accordance with Licensee instructions. Licensee reserves the right to delete any commercial announcements that do not comply with the requirements of the FCC's sponsorship identification policy set forth in 47 C.F.R. Sections 73.1212 and 73.4242, and as this policy may be changed from time to time by the FCC. Programmer will serve Licensee immediately with notice and a copy of any letters of complaint it receives concerning any program for Licensee review and inclusion in its public inspection file.

8. Maintenance of Signal. Licensee shall maintain the operating power of the Station at the maximum level authorized by the FCC for the Station throughout the Term and shall repair and maintain the Station's tower, transmitter site and equipment in good working order, subject to any Force Majeure Events.

9. Special Rights to Terminate. Any party to this Agreement may terminate this Agreement if the FCC's policies or rules change in a manner that would require such termination by providing the other parties with ten (10) days' advance written notice.

10. Production of the Programs. In producing the programs to be broadcast on the Station, Programmer will abide by the regulations and restrictions set forth in Schedule B to this Agreement. Programmer agrees that the contents of the programs it transmits to Licensee shall conform to all FCC rules, regulations and policies. Programmer agrees that it will consult from time to time with Licensee in the selection of the programs it transmits to Licensee to ensure that the programs' contents contain matters responsive to issues of public concern in Rock Island, Illinois, as Licensee makes those issues known to Programmer. Licensee acknowledges that ownership of the Programming, and all parts thereof, and the right to authorize their use in any manner and in any media whatsoever, shall be and remain vested in Programmer.

11. Expenses. Licensee shall be responsible for its expenses associated with the Station, except as otherwise provided for in this Agreement.

12. Events of Default; Termination.

12.1 Programmer's Events of Default. The occurrence of any of the following will be deemed a material breach by Programmer under this Agreement:

(a) Programmer fails to make timely payments in full as provided for in Section 5 and Schedule A of this Agreement;

(b) Programmer fails to observe or perform any other covenant, condition or obligation contained in this Agreement or the APA; or

(c) Breach or violation by Programmer of any representation or warranty made by it under this Agreement or the APA.

12.2 Licensee Events of Default. The occurrence of the following will be deemed a material breach by Licensee under this Agreement:

(a) Licensee fails to observe or perform any covenant, condition or obligation to be performed by Licensee which is contained in this Agreement or the APA; or

(b) Breach or violation by Licensee of any representation or warranty made by it under this Agreement or the APA.

12.3 Cure Period. Notwithstanding the foregoing, a material breach will not be deemed to have occurred until fifteen (15) days after the non-defaulting party has provided the defaulting party with written notice specifying the material breach and such material breach remains uncured.

12.4 Termination in the Event of Material Breach. Upon the occurrence of a material breach, and in the absence of a timely cure pursuant to Section 13.3, the non-breaching party may terminate this Agreement, effective immediately upon written notice to the breaching party. At such point the Programmer's right to the LMA Security Deposit shall be waived. Programmer shall remain responsible for all of its liabilities, debts and obligations accrued from the purchase of broadcast time on the Station even after termination of this Agreement.

12.5 Cooperation Upon Termination. Subject to Section 13.4, if this Agreement shall be terminated, for whatever reason, the Parties agree to cooperate with one another and to take all actions necessary to rescind this Agreement and return the Parties to the status quo ante.

### 13. Studio/Office Space and Equipment.

13.1 Use. Programmer shall not have access to or use of Licensee's transmitter facilities. Programmer agrees to establish a separate studio at a location mutually agreed to by Licensee and Programmer. All fees and costs incident to the construction, maintenance and operation of such studio shall be paid by Programmer.

13.2 Maintenance of Equipment. During the term of any use under Section 14.1, each party may, at its cost, but subject to the prior approval of the other

party, repair and maintain any equipment of the other party predominately used by such party.

14. Employees. Programmer shall furnish the personnel and material for the production of the programming to be provided by this Agreement. Programmer shall employ and be responsible for the salaries, taxes, insurance and related costs for all personnel used in the production of Station programming (including sales people, traffic personnel and programming staff). Programmer shall not pay or reimburse the salaries or other costs associated with any employees of Station that Licensee may be required to employ or may elect to employ on or after the date of commencement of this Agreement.

15. Handling of Mail. Programmer shall provide to Licensee within three (3) business days of its receipt of same, the original or a copy of any correspondence or e-mail that it receives from a member of the public relating to Station programming to enable Licensee to comply with FCC rules, regulations and policies, including those regarding the maintenance of the public inspection file (the maintenance of which shall at all times remain the responsibility of Licensee).

16. Indemnification. Programmer shall indemnify and hold Licensee harmless against any and all liability for libel, slander, illegal competition or trade practices, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from broadcast of Programmer's programs on the Station. Further, Programmer warrants that the broadcasting of Programmer's programs will not violate any rights of any third party, and Programmer agrees to indemnify and hold the Station, and Licensee harmless against any claim, damages, liability, costs and expenses, including counsel fees (at trial and on appeal), arising from the production and/or broadcasting of the programs. Programmer's obligation to hold Licensee harmless under this section shall survive any termination of this Agreement.

17. Authority. Programmer and Licensee each has the power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. Programmer is in good standing in the state of its organization, and Licensee's FCC license for the station is valid and will remain so during the Term. The signatures appearing for Programmer and Licensee, respectively, at the end of this Agreement have been affixed pursuant to such specific authority as, under applicable law, is required to bind them. Neither the execution, delivery, nor performance by Licensee or Programmer of this Agreement conflicts with, results in a breach of, or constitutes a default or ground for termination under any agreement to which Licensee or Programmer, respectively, is a party or by which either of them is bound.

18. Modification and Waiver; Remedies Cumulative. No modification of any provision of this Agreement will be effective unless in writing and signed by all Parties,



No failure or delay on the part of Programmer or Licensee in exercising any right or power under this Agreement will operate as a waiver of such right or power, nor will any single or partial exercise of any such right or power or the exercise of any other right or power. Except as otherwise provided in this Agreement, the rights and remedies provided in this Agreement are cumulative and are not exclusive of any other rights or remedies which a party may otherwise have.

19. Assignability; No Third Party Rights. The rights and obligations of each party under this Agreement may not be assigned without the prior written consent of the other party, which consent may not be withheld unreasonably. The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the Parties hereto and their permitted assigns, and nothing herein, express or implied, is intended or shall be construed to confer upon or to give any person or entity other than the Parties hereto and their permitted assigns any right, remedy or claim, legal or equitable, under or by reason of this Agreement.

20. Governing Law. This Agreement will be construed in accordance with the laws of the State of Wisconsin without regard to principles of conflicts of laws.

21. Counterpart Signatures. This Agreement may be signed in one or more counterparts, each of which will be deemed a duplicate original.

22. Notice. Any notice required under this Agreement must be in writing. Any payment, notice or other communication will be deemed given when delivered personally, or delivered to a recognized national overnight courier, fees prepaid, addressed as follows (or to such other address designated in writing upon due notice to the other party):

Seller: Quad Cities Media, LLC.  
4020 N. 128<sup>th</sup> St.  
Brookfield, WI 53005  
Attn: Randall Melchert

Copy to: John McLario, Esquire  
McLario, Helm, & Bertling Law  
N88 Appleton Ave.  
Menomonee Falls, WI 53051

Buyer: **La Jefa Latino Broadcasting, LLC**  
404 Walnut St.  
Galt, IA 50101

Copy to:

23. Entire Agreement. This Agreement, together with the APA and its Exhibits, embodies the entire agreement among the Parties, and supersedes all prior oral or written understandings among the Parties with respect to the subject matter of this Agreement.

24. Relationship of Parties. Neither the Programmer nor Licensee nor QCM will be deemed to be the agent, partner, or representative of the other parties to this Agreement, and no party is authorized to bind the other parties hereto to any contract, agreement, or understanding unless approved in writing by the party to be so bound.

25. Subject to Laws; Partial Invalidity. The obligations of the Parties under this Agreement are subject to the rules, regulations and policies of the FCC and all other applicable laws. The Parties agree that Licensee will file a copy of this Agreement with the FCC with the Schedules redacted, and that Licensee will place a redacted version of this Agreement in its public inspection file. If any provision in this Agreement is held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if it did not contain such invalid, illegal, or unenforceable provision.

26. Headings/Definitions. The headings of the various provisions of this Agreement are included for convenience only, and no such heading shall in any way affect or alter the meaning of any provision. Any capitalized terms used herein that are not defined herein shall have the same meanings which are assigned to such terms in the Note and the Asset Purchase Agreement.

27. Successors and Assigns. Subject to the provisions of Section 20 above, this Agreement shall be binding and inure to the benefit of Licensee's successors and assigns. This Agreement shall also be binding upon and inure to the benefit of Programmer and its successors and assigns.

28. Certifications.

28.1 Programmer's Certification. Programmer hereby certifies that this Agreement complies with the provisions of Sections 73.3555(a) of the FCC's rules.

28.2. Licensee's Certification. Licensee hereby certifies that it shall maintain ultimate control over the Station's facilities, including but not limited to control over the finances with respect to the operation of the Station, over its personnel operating the Station, and over the programming to be broadcast by the Station.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO LOCAL MARKETING AGREEMENT]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

**PROGRAMMER**

By: \_\_\_\_\_

Victoria Duran  
President  
La Jefa Latino Broadcasting, LLC

**LICENSEE**

By: \_\_\_\_\_

Randall Melchert  
President  
Quad Cities Media, LLC.

## **SCHEDULE A**

### **FEES**

Programmer shall, during the Term, pay QCM a monthly sum of Fourteen Thousand Five Hundred Dollars (\$14,500.00) (the "Monthly LMA Payment"), with the first payment due and owing on the Effective Date and subsequent payments due on the first (1st) day of each month. Ten Thousand Dollars (\$10,000.00) shall be apportioned for the station lease, and Four Thousand Five Hundred Dollars (\$4,500.00) shall be for expenses incurred by the Licensee. Such monthly fee shall be reduced pro-rata for any partial month during the Term. Ten Thousand Dollars (\$10,000) of each payment (or a similar percentage of the pro-rata payment) shall be applied to the Promissory Note upon closing of the transaction.

Programmer shall, prior to the Term, pay QCM a LMA Security Deposit of Fifty Thousand Dollars (\$50,000).

## **SCHEDULE B**

### **REGULATIONS AND RESTRICTIONS**

Programmer will take care to observe and exercise reasonable diligence to comply with the following regulations and restrictions in the preparation, writing and broadcasting of the Programs:

- I. Respectful of Faiths. The subject of religion and references to particular faiths, tenets and customs will be treated with respect at all times.
- II. No Attacks. The Programs will not be used as a medium for attack on any race, ethnic group, gender, nationality, disability, faith, denomination or sect or upon any individual or organization.
- III. Controversial Issues. Any discussion of controversial issues of public importance will be reasonably balanced with the presentation of contrasting viewpoints in the course of overall programming; no attacks on the honesty, integrity or like personal qualities of any person or group of persons will be made during the discussion of controversial issues of public importance; and, during the course of political campaigns, the Programs are not to be used as a forum for editorializing about individual candidates.
- IV. No Plugola or Payola. The mention of any business activity or "plug" for any commercial, professional or other related endeavor, except where contained in an actual commercial message of a sponsor, is prohibited. No commercial messages ("plugs") or undue references shall be made in programming presented over the Station to any business venture, profit making activity or other interest (other than noncommercial announcements for bona fide charities, church activities or other public service activities) in which Programmer is directly or indirectly interested without the same having been approved in advance by the Station's General Manager and such broadcast being announced, logged and sponsored. General Manager shall execute and provide to Licensee an affidavit in the form attached hereto.
- V. No Gambling. Any form of gambling on the Programs is prohibited.
- VI. Election Procedures. At least 90 days before the start of any election campaign, Programmer will clear with the Station's General Manager the rate that Programmer will charge for the time to be sold to

candidates for public office or their supporters to make certain that such rate conforms with applicable law and Station policy.

- VII. Required Announcements. Programmer will broadcast any announcements required by applicable law or station policy.
- VIII. Credit Terms Advertising. Pursuant to rules of the Federal Trade Commission, no advertising of credit terms will be made over the Station beyond mention of the fact that, if desired, credit terms are available.
- IX. No Illegal Announcements. No announcements or promotions prohibited by law of any lottery or game will be made over the Station. Any game, contest or promotion relating to, or to be presented over, the Station must be fully stated and explained in advance to Licensee, which reserves the right, in its discretion to reject any game, contest or promotion.
- X. Licensee Discretion Paramount. In accordance with the Licensee's responsibility under the Communications Act of 1934, as amended, and the rules and regulations of the FCC, Licensee reserves the right to reject or terminate any advertising proposed to be presented or being presented over the Station which is in conflict with Station policy or which, in Licensee's judgment, would not serve the public interest.
- XI. Programming Prohibitions. Programmer will not broadcast any of the following Programs or announcements:
  - A. False Claims. False, deceptive or unwarranted claims for any product or service.
  - B. Unfair Imitation. Infringements of another advertiser's rights through plagiarism or unfair imitation of either program idea or copy or any other unfair competition.
  - C. Profanity and Foul Language. Any Programs or announcements that are slanderous, indecent, obscene, profane, vulgar, repulsive or offensive, either in theme or in treatment.

Licensee may waive any of the foregoing regulations and restrictions in specific instances if, in its opinion, good broadcasting in the public interest is served thereby.

## Anti-Payola/Plugola Affidavit

City of: \_\_\_\_\_  
County of: \_\_\_\_\_  
State of: \_\_\_\_\_

Victoria Duran, being first duly sworn, deposes and says as follows:

1. The undersigned serves as for the Programmer and will be responsible for programming radio station WKBF(AM), Rock Island, Illinois (the "Station").
2. No matter has been provided for broadcast by the Station for which service, money or other valuable consideration has been directly or indirectly paid, or promised to, or charged, or accepted, by the undersigned from any person, which matter at the time so provided and broadcast has not been announced or otherwise indicated as paid for or furnished by such person.
3. So far as the undersigned is aware, no matter has been provided for broadcast by the Station for which service, money, or other valuable consideration has been directly or indirectly paid, or promised to, or charged, or accepted by the Station in furnishing programs, from any person, which matter at the time so provided and broadcast has not been announced or otherwise indicated as paid for or furnished by such person.
4. In the future, the undersigned will not pay or promise to pay to any third party, request or receive any service, money, or any other valuable consideration, direct or indirect, from a third party, in exchange for the influencing of, or the attempt to influence, the preparation or presentation of matter to be provided to and broadcast on the Station.
5. Neither the undersigned nor any family member of the undersigned has any present direct or indirect ownership in (other than an investment in a corporation whose stock is publicly traded and held), serves as an officer or director of (with or without compensation) or serves as an employee of, any person, firm or corporation engaged in:
  - a. The publishing of music;
  - b. The production, distribution (including wholesale and retail sales outlets), manufacture or exploitation of music, films, tapes, recordings or electrical transcriptions of any program material intended for radio broadcast use; or
  - c. The exploitation, promotion; or management of persons rendering artistic production and/or other services in the entertainment field.

\_\_\_\_\_

\_\_\_\_\_  
Date of Signature